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U.S. WILL CITE LAG IN SOVIET GROWTH TO DETER CREDITS

Will Tell Allies Export Aid Would Help Moscow in Economic Difficulties

By EDWIN L. DALE Jr.
Special to The New York Times

WASHINGTON, Jan. 8—The Johnson Administration will use new evidence of a sharp slowdown in Soviet economic growth as an argument to persuade West European countries not to extend large export credits to the Soviet Union.

The evidence has been supplied by the Central Intelligence Agency. The agency made available yesterday its conclusion that Soviet growth has dropped from annual rates of 6 to 10 per cent in the last decade to less than 2.5 per cent in 1962 and 1963.

One reason behind the decision of the agency to make its conclusions available for public knowledge, it is believed, was that it might be taken as reinforcing the United States case in the debate with allied countries over credit sales to the Soviet Union. Another reason was to tarnish an "image" of the Soviet Union, in underdeveloped countries particularly, as a nation that had found the secret of rapid economic growth.

Some Experts Disagree

The C.I.A. conclusions are at variance with those of most non-government specialists on the Soviet economy. It is not clear whether the agency will make its analytical techniques known to others in the field.

[The C.I.A.'s conclusions were generally challenged by university experts on the Soviet economy. Some of them estimated that there had been a decline in the growth rate but considered the extent reported by the C.I.A. "fantastic."]

The move to make its findings public was a new departure for the intelligence agency. It is possible that in the future it will be somewhat less secretive about those aspects of its work that do not involve clandestine operations. One motive for this, if a policy change should be decided upon, is the relatively "bad press" the agency has received in recent years, centering mainly on operations in Cuba and South Vietnam.

However, regardless of future C.I.A. information policy, there was a clear United States Government policy interest in making public the agency's conclusions on the relatively poor Soviet economic performance, which sharply alter previous assessments.

In the case of credit sales to the Soviet Union of industrial plants and equipment by West European countries and Japan, the United States will stress that such sales are now more than ever virtually the only escape for the Soviet authorities from their economic difficulties.

Officials believe that Premier Khrushchev cannot significantly cut back the production of modern military equipment to find more resources for investment. Nor can he resort to the Stalinis oplicy of squeezing the consumer, still less the farmer.

Finally, the C.I.A. estimates of Soviet gold reserves and production rule out any large increase in Soviet imports of capital goods from the West financed by sales of gold.

The agency has concluded that Soviet gold reserves are now slightly under $2 billion and that the country's annual production of gold is only $150 million a year. Normal Soviet deficits in international transactions with the non-Communist world have required gold sales of at least $200 million a year, without allowing for any big increase in capital goods import.

Thus it is contended, first, that only imports can solve the Soviet problem and, second, that the Russians cannot pay cash for the imports. Western credit sales, by this analysis, would offer Mr. Khrushchev an escape from his problem, particularly if credit terms were extended beyond the five years normally offered for capital goods.

Whether this United States stand will impress the allies remains to be seen. All the major allies but Britain have already expressed their willingness to limit credit terms to five years but not to limit the amount of credit extended.

France signified yesterday her intention to press actively for more exports to the Soviet Union. In Britain, it is understood, Soviet purchasing agencies have already indicated that they would place large orders if credit terms could be extended beyond five years.

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Some Experts Skeptical

By HARRY SCHWARTZ

Some specialists on the Soviet economy expressed surprise and, in some cases, skepticism yesterday at a Central Intelligence Agency estimate of the extent of a decline in Soviet economic growth in the last two years.

The specialists, professors at United States universities, agreed that Soviet economic growth had slowed in recent years, particularly in 1963, because of a serious drop in grain production. What many of them found difficult to understand was the C.I.A.'s conclusion that the growth of the Soviet gross national product in the last two years was less than 2.5 per cent annually.

The strongest reaction to the C.I.A. estimate was expressed by Prof. Nicholas Spulber of the City University of New York. "I just cannot believe it," he said. "It is impossible." The professor added that he would be ready to accept a figure as low as 4 per cent annually but was baffled by the agency's estimate of less than 2.5 per cent.

In a similar vein, Prof. Warren Eason of Syracuse University termed the estimate "awfully low."

"I would want to look at it long and hard," he said.

Estimate Not Ruled Out

Prof. Robert Campbell of Indiana University called the difference between the intelligence agency's estimate and earlier figures on Soviet economic growth "fantastic." However, he added that the decline was bigger than one would conclude by looking at the individual components of Soviet production.

Prof. Herbert Levine of Harvard University said he had been "very surprised" by the 2.5 per cent figure but he added: "I am not too skeptical. The C.I.A. has been doing good work in this field."

Prof. Abram Bergson, also of Harvard, said, "I am a little surprised, but I can't rule it out."

The basis for the general reaction of astonishment was that estimates of Soviet economic growth for earlier years, prepared by the C.I.A. and others, had suggested that an annual rate of 6 or 7 per cent was correct.

Many specialists found it hard to understand how the Soviet economy could plunge in a few years from a 6 to 7 per cent growth rate to one of less than 2.5 per cent.

Several indicated that they had believed the Soviet decline to be less precipitous than the estimate reached by the intelligence agency's analysts.

There was general agreement among the specialists that, regardless of whether the 2.5 figure for 19[illegible] and 1963 was correct, it would be dangerous to suppose that the Soviet economy would grow at any such low rate in the future.

Professor Levine said that if the Soviet Union had good weather this year and the harvest improved, the country's rate of economic growth could rise to as much as 9 per cent.

On this point, Professor Bergson said that there was evidence that Soviet economic "prospects are not nearly so good as was widely assumed a few years ago, but it would be unwise to project from the last two years."

All the economists expressed curiosity about the details of the Central Intelligence Agency's calculations. Several noted that the agency's estimates could not be authoritatively evaluated by independent scholars unless the basic data and procedures were made public.

There were indications that the C.I.A. had made available some of its basic material on nonmilitary industrial production in the Soviet Union.

Several of the economists agreed that the key variable in judging the estimate of the Central Intelligence Agency was the level of agricultural output assumed in making the calculations.

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